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ANNUAL REPORT
2006-07

ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY
(TVO & TFO)

To: the Honourable Kathleen Wynne
Minister of Education
Queen's Park

We take pleasure in submitting the Annual Report of the Ontario Educational Communications Authority for the fiscal year April 1 2006 to March 31, 2007.

This is done in accordance with Section 12 (1) of the Ontario Educational Communications Authority Act.

Yours sincerely,

Lisa de Wilde
CEO

Peter O'Brian
Chair of the Board of Directors

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Message from the Chair

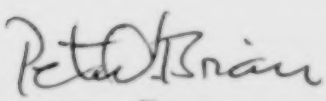
The fiscal year 2006-07 saw the beginning of one of the most comprehensive and ambitious transformations in the history of Ontario's public educational media organization.

In June 2006, after conducting a thorough internal review at the request of the Ministry of Education, a new Strategic Agenda was set out for our English-language service, TVO. This ambitious plan establishes a clear path for redefining TVO as a modern, financially sustainable provider of multi-platform digital content that inspires and informs, while embracing key education priorities of the Ministry. These priorities – which are evident throughout this report – are linked by our overarching commitment to engaging all Ontario citizens as active participants in the public issues defining our society.

At the same time, the Government set in motion a new beginning for TFO, with the announcement that TVOntario's French-language service would become a fully-autonomous organization to better meet the educational and cultural needs of the Franco-Ontarian community. A blueprint for this new organization, drawn up by an Ad Hoc Committee of the Board of Directors, was delivered to the Government on December 15, 2006. The plan was approved in March 2007, and the "NewTFO" (officially named Office des telecommunications éducatives de langue française de l'Ontario [OTÉLFO]) was created on April 1 2007.

The creation of two distinct public educational media organizations for Ontario (English and French), resulted in five Francophone Board members of the Board of Directors becoming the first members of the newly created TFO Board. This also signaled the beginning of a new building phase for the TVO Board, and an opportunity to welcome new appointees and skill sets consistent with TVO's new Strategic Agenda.

Establishing this solid foundation for TVO's revitalization would not have been possible without the endorsement and financial support of the Government, and the dedication of our organization's employees. My sincere thanks to all for ensuring our future success.



Peter O'Brian
Chair

Message from the CEO

The signs of change and transformation were visible throughout our organization during the 2006-07 year. Backed by the Government's support and special one-time capital funding, we began charting a new course for TVO by building on the four pillars of our Strategic Agenda: creating unique, thoughtful and engaging content that supports the Ministry of Education's educational policy priorities, converting to digital technology, seeking financial sustainability, and developing an internal organizational culture of innovation and learning.

Opening up new and diverse revenue sources is crucial to TVO's financial sustainability, and is something we will increasingly focus on as we explore new business models to finance our operations. To set the stage for these new initiatives, in 2006-07 we began the conversion of our in-house production and content management/archiving facilities to the latest digital technology. This rebuild will allow us to leverage our strengths as a leading provider of unique, high-quality educational media, and to explore the revenue-generating potential of accessible and marketable digital TVO-produced content. At the same time we identified and implemented organizational streamlining and employee training initiatives to ensure we can offer full value for money and to take better advantage of the efficiencies afforded by this new technology.

On the content side we began to strengthen our position in the expanding media universe by focusing on how we can make a unique contribution to life in Ontario. Our new content strategy delivers on a commitment to supporting citizen engagement: by helping children be successful learners, by partnering with parents in their children's education, and by encouraging people of all ages to become active participants in the important issues of our time.

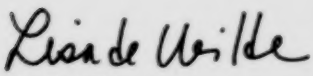
Specifically, we greatly expanded our kids' programming and web activities to help early learners get ready for the classroom, and to encourage school-age children to build on the concepts they are learning in class. With the creation of our new online resource TVOParents.com (featuring the first live, interactive web program for parents, *Your Voice*) we have dedicated ourselves to helping parents get more active and involved in their children's education. And nowhere was our commitment to citizen engagement better illustrated than in our new flagship program for adults, *The Agenda with Steve Paikin*, an in depth, daily current affairs show that explores – and encourages participation in – the major issues that concern us all.

One aspect of *The Agenda with Steve Paikin* of which we are particularly proud is that it has also helped establish TVO as a significant presence in the world of interactive, multi-platform media. Through its popular "podcast" downloads and busy viewer-driven discussion forums, *The Agenda with Steve Paikin* has provided a signpost for our organization's future success as a modern, vital "anytime/anywhere" public educational media organization, one that is an integral part of life in our province.

This annual report highlights the key accomplishments from a landmark year for TVO. We have laid the foundation to dramatically increase our impact on the people of Ontario, including helping lifelong learners achieve their education goals through the Independent Learning Centre. We are increasing our relevance in an on-demand world, and as we continue to deliver on our Strategic Agenda, we are well positioned to create a vibrant and sustainable organization for the future.

As the commercial media universe becomes more and more crowded, TVO's dedication to citizen engagement makes us increasingly stand out as a unique public voice of democratic life in our communities and our province. This important role will only become more relevant as our content becomes easily accessible across multiple media platforms.

On a personal note, I would like to extend my sincere thanks to the people of TVO, who help make our organization a key part of life in Ontario. The achievements outlined in this report are the result of their commitment, energy and dedication. I would like to add how proud I am to have played a role in creating the conditions for TFO to become a fully autonomous media organization, dedicated to serving the educational and cultural needs of Franco-Ontarians. As this was a transitional year for both our English and French operations, this 2006-07 annual report also covers what is now a standalone TFO.



Lisa de Wilde
CEO

Performance Highlights 2006-07
TVO

In June 2006, we announced a comprehensive Strategic Agenda for the renewal and revitalization of our English language service, TVO. Aligning our activities with education policy priorities of the Ministry of Education, we established four pillars on which to build a focused, relevant and financially sustainable educational media organization for Ontario.

The four pillars of TVO's Strategic Agenda:

1) Customer + Content Strategy
2) Going Digital Strategy
3) Financial Strategy
4) Organization Strategy

1) Customer + Content Strategy

- TVO began to re-focus all of its content and activities under the theme of citizenship to engage people of all ages as active participants in the public issues defining our society.
- TVO's content supports the following priorities of the Ministry of Education:
  - Contribute to school readiness and help kids to be successful learners.
  - Increase the involvement of parents in their children's education.
  - Encourage active citizen engagement in our province.

Children

Goal: Contribute to school readiness and help kids to be successful learners.

Key Accomplishments:

- Introduced expanded childrens programming block, representing over 70% of our 6 am to 12 am broadcast day.
- Retooled *TVOKids* "hosted" children's segments to reinforce educational concepts.
- Extended the *TVOKids* on-line experience with new integrated activities, games and interactive tools such as *Enviro Girl*, a multi-player game that introduces kids to environmental issues, and *The Bodies*, focused on nutrition and staying healthy.
- The multi-platform *League of Super Citizens* was introduced to encourage kids to be active and engaged in their communities.
- To promote literacy and a love of reading, *TVOKids* launched *Gisèle's Big Backyard Book Club* in partnership with independent Canadian book publishers, encouraging kids and their parents to discover fun and entertaining books together.

Parents

Goal: Increase the involvement of parents in their children's education.

Key Accomplishments:

- Building on our reputation as a trusted partner with parents, TVO launched the online community TVOParents.com, a unique resource for parents that helps them prepare their children for success in school.
- To help parents become more involved in their children's education, TVO created *Your Voice* – the first and only live, online interactive program dedicated to education and child development issues.

Adults

Goal: Citizen engagement

- Launched a new flagship current affairs show, *The Agenda with Steve Paikin* in the fall of 2006. The program quickly established itself as the province's trusted source of in-depth analysis and debate around the major political, social, economic, and cultural issues of our time.
- *The Agenda with Steve Paikin* connected Ontarians with new voices and diverse perspectives and analysis from across Canada and from around the world.
- *The Agenda with Steve Paikin* captured a larger audience share in Ontario than its information programming competitors at the same hour. There were over 91,000 podcast downloads of the program in the first 3 months in 2007.
- Introduced multi-platform content such as webcasts, podcasts, blogs and on-line chat forums to reach new audiences and demographics. In the first three months of 2007, there were over 320,000 podcast downloads from tvo.org.
- Realigned in-house productions *Person 2 Person, Allan Gregg in Conversation*, and *Big Ideas* around issues related to citizenship.
- Prime-time coproductions (e.g. *The View from Here* Canadian Point of View documentaries) and acquisitions (drama series, films, *Human Edge* documentaries) began to be re-tooled, consistent with TVO's education priority of citizen engagement.
- Created an on-line community focused on the Citizens' Assembly on Electoral Reform to help bring Ontarians into the discussion around this important public policy issue.

Awards and honours:
- City Parent Magazine award for Best Family TV Station in Ontario for 3rd consecutive year.
- TVO's first Juno Award for the documentary *Escarpment Blues*.
- Genie Award for the documentary *Manufactured Landscapes*.
- Gemini Award (Best Pre-School Program or Series) for *Gisèle's Big Backyard* preschool programming.
- Now Magazine's 2006 "Best of Toronto" issue named *The Agenda with Steve Paikin* Best Current Affairs Show.

2) Going Digital Strategy

Goal: Television will continue as the primary but not the only distribution vehicle.

In 2006-07, TVO began an exciting transformation to a Digital HD-ready in-house production facility. Powered by this conversion to the latest digital technology, which is backed by one-time special funding from the Ontario Government, the organization prepared to impact more people in more ways in our province, and to open up crucial new revenue streams.

Key Accomplishments:
- TVO developed and began to implement a detailed plan for a new digital facility, supported by $10.4M in capital funding from the Government that was announced June 29, 2006.
- The plan includes two modest digital control rooms and studios, 3 field cameras, upgrades to 4 edit suites and a DAM (digital archive) system.
- With the implementation of this rebuild, to be completed by December 2007, TVO can begin to fully explore the revenue potential of new digital media.

3) Financial Strategy

*Goal: **Re-invent our revenue model; reduce our cost base.***

To set the stage for financial sustainability, in 2006-07 TVO began emphasizing the importance of introducing new revenue streams and increasing net earned revenues. At the same time we began to reduce the cost base in order to re-position the organization for future success.

Key Accomplishments:

- TVO obtained $15M in transitional operating funds from Government.
- Began to develop a new revenue strategy and reduced costs associated with revenue generation, particularly in the area of TVO's membership (donor) program.
- Began to build a team with skill sets to grow new stable revenue streams.
- Piloted the distribution of TVO content on mobile platforms. Signed a revenue sharing agreement with QuickPlay, resulting in the first revenue streams derived from multi platform content.
- Established innovation capability with the launch of the "IdeaShaker", a forum for developing and testing new ideas and technologies for digital, multi-platform content. This initiative promotes organizational learning, and allows for the development of new revenue opportunities.
- Reduced the cost base of organization by initiating an attrition management program (eliminating positions through vacancies and early retirements), and by eliminating one floor at the head office to partially offset cost increases in the new lease.

4) Organization Strategy

Goal: to develop a customer-focused learning culture.

One of the key planks of TVO's Strategic Agenda is fostering an internal culture focused on learning, collaboration, innovation and risk taking. In 2006-07, the organization made progress toward achieving this goal.

Key Accomplishments:

- Initiated a multi-year training framework, featuring leadership development training for managers, and extensive training around the new digital technology (including environmental training, digital skills training and individuals skills upgrading).
- Launched an intranet site for employees to improve internal communications and access to business tools, along with new e-mail and electronic agenda software.
- Implemented an internal communications strategy, including quarterly all staff meetings, monthly management team meetings, Lunch and Learn sessions and on-going forums for employee interaction with CEO.
- Introduced a new, open office layout, which helped accommodate employees in TVO's reduced work space, while creating a more collaborative working environment.

Performance Highlights 2006-07
ILC

The Independent Learning Centre, which is managed by TVO, is the province's designated provider of distance education, enabling thousands of students annually to earn credits toward their high school diploma, to upgrade their skills, and to achieve their academic and career goals at a pace, time and place of their choosing. For 2006-07, the ILC delivered distance education and GED testing services to more than 25,000 people in Ontario. During that time the ILC increased its focus on digital assets and learning tools, such as the *E-Journal, WEBITS* (web-based interactive tutorials), and the *Ask a Teacher* homework help web site. The latter continued to grow in usage and relevance with the launch of a new seminar feature *Chalk Talk*, which addresses the province's Student Success priority in an effective and economic manner. Elsewhere, *CareerMATTERS* continued to be an important tool for providing students with critical information on education and career options.

This unique collection of resources grounds the ILC as a vital resource for students and educators both in and out of the formal education system.

Key Accomplishments:
ILC

- Courses released in 2006-07: 36
- Available courses: as of March 2007, 69 English courses and 51 French courses.
- Digital learning objects released (now known as WEBITS – web-based interactive tutorials): 40
- ILC tests supervised: 5,143
- Credits granted: 4,606
- ILC staff participated in over 30 outreach events across the province.
- Developed and launched 15 *Chalk Talk* online video tutorial seminars.
- Increased average weekly *Ask a Teacher* chat room traffic by 24%
- Increased repeat visitors to *CareerMATTERS* web site by 38%

GED (high school equivalency) Testing

- GED tests across the province: 202
- Special accommodations provided to 173 candidates with physical or mental disabilities (an increase of 35% over 2005-06).
- Delivered 25 of the 45 off-site writing sessions to Aboriginal groups, an increase over the previous year.
- GED Employers of Choice program continued to grow; administered sessions with Campbell's Soup and Kuntz Electroplating.
- GED successes: 3,427

Performance Highlights 2006-07
TFO

1. Autonomy for TFO

2006-07 was a year of great change for TFO as it prepared to move toward full autonomy. On June 29 2006, the TVOntario Board of Directors was asked by Government to produce a plan for the creation of an autonomous French-language service. A Board Ad Hoc committee and management transition team were struck, with external advisors brought in to review, validate and advise on the work of the committee and management team. The *Final Implementation Plan for NewTFO* report, delivered on schedule, presented a blueprint for NewTFO to be a successful organization serving the cultural and educational needs of Ontario's Francophone community. The Order-in-Council was delivered on March 22, 2007, with the official creation of Office des telecommunications éducatives de langue française de l'Ontario (OTÉLFO) on 1 April 2007.

The Key Recommendations of the TFO Autonomy Plan:

- New head office in GTA, easily accessible by rapid transit.
- French-language working environment.
- Provincial base operating grant of $15M.
- Capital funding of $8.45M over 3 years for digital conversion provided by Government.
- Start-up, relocation and transition costs totalling $6.8M ($5.7M to TFO plus $1.1M to TVO).

2. TFO Performance Highlights 2006-07

Goal: Provide relevant, high-quality programs and services that meet the education needs of key target audiences and reflect regional and social diversity of Ontario.

In 2006-07 TFO delivered a total of 688 hours of new content, as well as approximately 1,000 web pages for children and approximately 2,000 new web pages for youth.

Children and Youth

In 2006-07, TFO continued to align its children's and youth programming activities with educational priorities, namely:

- Aménagement linguistique: *Mini-TFO* (for ages 2-6) was brought in as an in-house production, giving it more strength and giving TFO more control over content.
- Animation culturelle: TFO significantly extended the reach of *Méga TFO* and *Volt*, with a comprehensive multi-platform strategy, which included an expansion of *Méga*'s web site and educational games and the distribution of *Volt* on iTunes and via Quickplay. These two productions also went out in the community for events such as Bal de Neige and Le festival du théâtre franco-ontarien. In addition, *Volt* hosted Festival de la chanson et de la musique en milieu scolaire à Hearst and les Jeux franco-ontariens.
- Identity: with series such as *La Quête*, *J'ai mon voyage* et *Mon premier emploi*, TFO worked to strengthen the sense of identity for children and youth.
- Diversity: all productions and coproductions included a positive message and participants reflective of the regional and ethnocultural make-up of French Ontario.

- Recruitment and retention: TFO created support material for schools specifically targeted to encourage recruitment in the French school system (e.g. La trousse, in French and English aimed at parents of kindergarten children) and targeted to keep kids in the French system from elementary through secondary school (e.g. the video contest En réalité).

Adults

TFO continues to offer programming focused on the needs and aspirations of the Franco-Ontarian community with programs such as:

- The daily one-hour *Panorama*, that covers public affairs issues, as well as regional and ethnocultural realities. Panorama has offices in Toronto, Ottawa and Sudbury.
- The Ontario-Manitoba coproduction *Destination Nord-Ouest*.
- The second Franco-Ontarian drama series *Pointe-aux-Chimères*.
- *Villages et Visages 2006*
- Documentaries such as Toronto's *Eglise Abassaruzi*.
- A series of 8 vignettes on architecture in Ontario, produced with the help of HPI (Historic Places Initiative).

Goal: Increase awareness and usage of our programs and services

- Teacher Training: TFO reached over 2,000 educators during 2006-07 with its team of pedagogues working throughout the province.
- TFO provided support to students with its *SOS Devoirs* and *Carrières* web sites.
- TFO continued to acquire the educational rights to over 80% of its schedule, allowing educators to use these programs freely.
- Surveyed some 700 Franco-Ontarian households with the annual *La television et vous* survey.
- Built on partnerships with the French School Boards, the Centre franco-ontarien de ressources pédagogiques, and the Ministry of Education.
- Held annual two-day Conseil pédagogique with some 30 education representatives from school boards, faculties of education and the Ministry of Education.

Looking Ahead for 2007-08

TVO

Year two of TVO's Strategic Agenda will see our continuing transformation on a number of fronts. As a trusted source of multi-platform educational content that informs, inspires and stimulates curiosity, we are uniquely positioned to encourage the people of Ontario to become more active and involved citizens. Whether helping kids make positive contributions in their homes, schools and communities, connecting parents with world class experts on issues ranging from homework to bullying, or facilitating dialogue through in-depth political and economic discussions on our current affairs programs, TVO promotes thoughtful and engaging conversations with our viewers on the important issues that affect us all. Our commitment to citizen engagement, and increasing our impact in the many diverse communities that make up our province, will be reflected throughout all of our unique, issues-based programming and multi-platform offerings for Ontarians of all ages.

Construction of our new digital production facilities will be completed by December 2007. In the meantime, training to equip staff with skills for success in the digital media world will intensify. Our focus on building new revenue-generating capacity for financial sustainability will come more to the fore as our operations are transformed to digital technology. While we will continue to seek valuable support from viewer donations, we will also test a variety of new revenue opportunities including monetizing our media archives, Video on Demand, more corporate sponsorships, and mobile platforms. These new revenue streams are crucial for our future success. Like all media organizations, TVO is examining potential business models for the digital world, and we are exploring all revenue streams that are consistent with our content strategy.

The ongoing implementation of TVO's Strategic Agenda, has created an opportunity for us to raise our organization's profile and clearly define the TVO brand, which includes changing the operating name of the organization from "TVOntario" (which encompassed TVO, TFO and the Independent Learning Centre) to the simpler "TVO".

In 2007-08 TVO will continue to deliver on its commitment to distance education through the Independent Learning Centre, and will seek renewal of the service contract with the Ministry of Education. The ILC will focus on four major areas: increasing course start rates through targeted marketing initiatives; increasing course completions by further enhancing digital learning resources and learner services; reducing the cost per credit granted; and achieving efficiencies by reducing operating costs, exploring new business models and increasing revenues – all of which will demonstrate increased value for money.

As Ontario's public educational media organization, TVO is poised for an exciting future. Whether through the main broadcast network TVO, or through our interactive and distinctive online communities at TVOKids.com, TVOParents.com, and tvo.org, we are well positioned to fully utilize digital technology to build on our proud tradition of being the best educational media organization for Ontario.

TFO

While 2006-07 was a year of preparation, 2007-08 will be a year of implementation. With an Order-in-Council establishing TFO as an autonomous entity as of 1 April 2007, the TFO team established three overarching goals for the year, with respect to organizational staffing, relocation, and digital production.

In terms of staffing the newly-created organization, the plan identified a total complement of approximately 140 employees, most of whom are transferring from OECA (TVO) to the newly-created OTÉLFO (TFO). The focus for the beginning of 2007-08 is to finalize the human resources needs for all the required technical, corporate and support services, and to subsequently transfer and recruit qualified employees. This initiative is set to be fully operational by early September 2007, to coincide with the launch of the new programming season.

In order to regroup all TFO employees into one facility, and to create a vibrant and creative work environment where French is the primary language of work, TFO will be relocating to a new, larger facility. With the hard work and support of many, including the real estate firm JJ Barnicke, TFO is set to move to its new premises at College Park in downtown Toronto. An excellent feature of this new location is that it is very closely located to a number of other Franco-Ontarian organizations, thus contributing to the creation of a new "French Quarter" in Toronto. The physical move is expected to begin in November 2007 and be completed by early January 2008.

The other key TFO initiative for 2007-08 is the creation of a new Digital HD-ready production facility for the new TFO. TFO will move quickly from the obsolete analog technology to a first-rate digital HD production facility in its new premises. The plan is to begin broadcasting all four of TFO's in-house productions from the new facility on January 8, 2008.

Donor Recognition
Corporate and Community Supporters

Lead Supporters

We would like to thank the following corporations and organizations for their outstanding leadership and commitment to our mandate:

TFO Lead Partner

Over and above its base funding to TFO, the Ministry of Education contributes significantly to the success of specific educational products and services through project funding under the Programme des langues officielles en enseignement, and is therefore a lead partner in TFO's success in education. Programs such as *Méga TFO*, aimed at kids 9 to 12 years old, and *Volt*, aimed at teenagers, benefit from this financial contribution. Other educational products include resources for the classroom in Francophone and immersion schools throughout Ontario as well as teacher training services.

Homework Partner

RBC Financial Group is the proud presenting partner of *Ask a Teacher*. This free help-with-homework online service gives students one-on-one assistance from live certified teachers five nights a week. Students can also practice needed skills in math, science, and literacy, or try a variety of exercises in preparation for standardized provincial tests.

Healthy Minds – Healthy Bodies Partner

Scotiabank is the proud presenting partner of the *TVOKids Don't Sit Still* tour, which takes *TVOKids* hosts across Ontario to present a free live stage show that promotes a healthy and active lifestyle to kids of all ages. The high-energy interactive stage performance inspires children – and even their parents – to get moving and stay moving!

Children's Literacy Partner

The TD Bank Financial Group proudly presents the *TVOKids TD Reading Rangers*. This entertaining on-air and online series promotes books, reading, and libraries to the children of Ontario. Boosting literacy, language skills, and social development, the series features TVO's popular *TVOKids* hosts as Reading Rangers – daring and dauntless heroes of the Wild West who, as reading enthusiasts, make books their business!

Nutrition Partner

The Dairy Farmers of Canada are the presenting partner of TVO's *The Bodies*, a series of short, creative programs that promote healthy eating among children. With the help of *The Bodies* – TVO's cool ambassadors of good nutrition, young viewers learn about the rewards and how-to's of good nutrition.

Ontario's Best Lecturer Competition Partner

TD Meloche Monnex is the proud presenting partner of the annual Ontario's *Best Lecturer Competition*. The competition offers students and alumni an opportunity to celebrate the college and university professors whose lectures they believe to be exceptional. This exciting competition features professors hailing from all corners of the post-secondary community in domains ranging from philosophy to food science, sports management to medicine, astronomy to psychology. The top 10 finalists deliver their winning lectures on TVO's *Big Ideas* during a gripping 5-week pursuit of academia's latest sought-after award. It is then up to TVO viewers to vote online to crown Ontario's Best Lecturer.

Energy Conservation Partner

Hydro One is the presenting partner of the *TVOKids Enviro Girl* series and online interactive game. In an increasingly complex world, kids are learning younger than ever the necessity to protect the environment around them. With that in mind, *TVOKids* has developed an exciting new television show and complementary online game to explore how Ontarians can build a culture of conservation. Through the adventures of *Enviro Girl*, kids learn that when we treat our environment with respect we're all superheroes, whether we are recycling at school or turning lights out at home.

Presenting Supporters

TVO would like to recognize the following companies and organizations for their support:

Alzheimer Society of Ontario
BMO Financial Group
Federation of Ontario Public Libraries

TFO would like to recognize its 2006-07 supporters:

Ministry of Education
Canadian Heritage
Industry Canada
Canada Council for the Arts
The Canadian Foundation for Cross-Cultural Dialogue
Ministry of Culture
The United Counties of Prescott and Russell
Théâtre la Catapulte
Société nationale de l'Acadie
Association des juristes d'expression française de l'Ontario (AJEFO)
Economic Development Council for Manitoba Bilingual Municipalities (CDEM)

Community Supporters

Hot Docs Canadian International Documentary Film Festival
Mysteriously Yours Dinner Theatre
National Ballet of Canada

Salary Disclosure

OECA / OTEO Employees Paid $100,000 or more in 2006

Name	Position	Salary Paid ($)	Taxable Benefits ($)
Arnold, Clara	Director, Human Resources	118,892	1,051
Blackburn, Russell (Professional name Pierre Granger)	Host/Producer	142,802	789
Carey-Lee, Yvonne	Director, Finance & Administration, and CFO	108,234	947
Chapelle, Nancy	Managing Director, TVO	141,968	3,736
de Wilde, Lisa	Chief Executive Officer	230,000	2,030
Dunsky, Dan	Executive Producer	103,352	853
Ellingson, Pat	Creative Head, Children's Programming	128,031	1,121
Irwin, Sarah	Managing Director, Independent Learning Centre	126,616	1,117
Leblanc, Mark	Director, Business Affairs	112,412	993
Newell, Raymond	Director, Operations & Transmission	107,064	3,600
Paikin, Steve	Anchor/Senior Editor	206,956	4,272
Paquin, Claudette	Managing Director, TFO	131,888	3,646
Quenneville, Gisèle	Host/Producer	113,894	1,048
Robock, Lee	General Manager and Chief Operating Officer	150,607	3,812
Slivinskas, Todd	Director, Technology	108,610	933
Todd, Paula	Host/Producer	182,281	3,521
Tramontin, Mara	Director, Program Business Management	101,860	901
Wharton, Julian	Creative Head, ILC Course Production	104,434	923

Prepared under the Public Salary Disclosure Act, 1996.
Date: March 9, 2007

OECA Board of Directors

Peter O'Brian, Chair of the Board of Directors, Toronto
President
Independent Pictures Inc.

First term: November 1, 2005 – November 1, 2008

Gisèle Chrétien, Vice-Chair, Sudbury
Independent

First term: September 9, 2002 – June 30, 2005
Designated Vice-Chair: July 1, 2003 – June 30, 2005
Second term incl. Vice Chair: July 1, 2005 – June 30, 2007
Departure to TFO Board: March 31, 2007

Anne-Marie H. Applin, Toronto
President
Applin Marketing and Communications

First term: July 1, 2001 – June 30, 2004
Second term: July 1, 2004 – June 30, 2007

Pierre C. Bélanger, Ph.D., Ottawa
Professor, Department of Communication
University of Ottawa

First term: January 13, 2005 – June 30, 2007
Departure to TFO Board: March 31, 2007

Stephen R. Coxford, Toronto
President
Gresham & St. Andrew Inc.

First term: July 1, 2003 – June 30, 2006
Second term: July 1, 2006 – June 30, 2009

Diane Desaulniers, Ottawa
President
Groupe Vision Management Consulting

First term: January 13, 2005 – June 30, 2006
Second term: July 1, 2006 – June 30, 2009
Departure to TFO Board: March 31, 2007

L. Anne Gagné, Penetanguishene
Educator

First term: October 7, 2004 – June 30, 2006
Second term: July 1, 2006 – June 30, 2009
Departure to TFO Board: March 31, 2007

Mitzie J. Hunter, Toronto
Vice President, Marketing
Goodwill

First term: September 26, 2001 – June 30, 2004
Second term: July 1, 2004 – June 30, 2007

Paul M. Lalonde, Toronto
Partner
Heenan Blaikie

First term: February 3, 2006 – June 30, 2008
Departure to TFO Board: March 31, 2007

Ravi Seethapathy, North York
Audit Associate Manager
Hydro One Networks Inc.

First term: September 26, 2001 – June 30, 2004
Second term: July 1, 2004 – June 30, 2007

Brooke Lovell, Director, Legal Services and Board Secretary
From November 17, 2006

Olga Kuplowska, Board Secretary and Director, Board Secretariat and Councils
Until December 31, 2006

Total honorarium paid to board members (exclusive of the Chair) during the 2006-07 fiscal year was $23,339.03. This amount corresponds to recommended levels of remuneration set by the Lieutenant Governor in Council.

OECA Regional Councillors

Advisory Councils 2006-07

Representing the major economic regions of the province, our unique volunteer advisory network is an integral part of our community outreach, helping to deliver our message to citizens across the province and providing valuable local community feedback on our programs and services.

Northern Regional Council

Cyndi Cossais, Dryden (until June 2006)
Paul Filteau, Thunder Bay (until June 2006)
Tony Gaspar, Manitouwadge
Eugene Lefrancois, Kaministiquia
Mark Mannisto, Sudbury
Rick McCutcheon, Little Current
Lise Moore Asselin, Mattawa
Paul Pirie, Fort Frances
Kim Pirie-Milko, Kenora
Donna Smith, Markstay (from February 2007)
Linda Taylor, New Liskeard

Southwestern Regional Council

Steve Andrusiak, London (from June 2006)
Art Grady, Port Elgin (from February 2007)
Virginia Lambdin, St. Marys (from June 2006)
Chester Langille, London (until June 2006)
Rosemary Rognvaldson, Gorri
Stewart Wayne Sinclair, Chatham
Graham Steeves, Port Elgin (until June 2006)

Southcentral Regional Council

Agnes Hemming, Midland
Stephen Maxwell, Kitchener
Adrian Cece, Bradford (until June 2006)
Cassandra Rodgers, Huntsville (from June 2006)
John Storm, St. Catharines
Sharon Summers, Kirkfield (until June 2006)

Greater Toronto Area Regional Council

Jorge Campos, Willowdale
Jae Chong, Richmond Hill (from February 2007)
Kem Hamid, Markham (from February 2007)
Thando Hyman, Scarborough (from June 2006)
David Holmes, Oakville
Sona Khanna, Oakville (from February 2007)
Andy Merchant, Thornhill (from February 2007)
Upali Obeyesekere, Toronto (from February 2007)

Eastern Regional Council

Calvin Bowry, Kingston
Janice Brant, Deseronto (from June 2006)
Keith Clingen, Martintown
Narda Kathaleen Iulg, Deseronto (until June 2006)
Sheila Soden, Belleville
Marc St. Germain, Ottawa
Ivy Williams, Nepean (until June 2006)
Angela Woollam, Pembroke (until June 2006)

Francophone Advisory Council

Lise Marie Baudry, Toronto (until June 2006)
Denis Gérard Bédard, Rockland (from June 2006)
Yvon Desroches, Cochrane
Evelyn Dutrisac, Sudbury (until June 2006)
Sylvie Richer Laporte, Wendover (from June 2006)
Dina Quenneville, Geraldton (until June 2006)
Daniel Sigouin, Hearst
Francine Umulisa, Toronto

Financial Performance

Management's Responsibility for Financial Statements

TVOntario

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Lisa de Wilde
Chief Executive Officer
Directrice générale

ldewilde@tvontario.org

Management's Responsibility for Financial Statements

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 6, 2007.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. The Internal Audit Department of the Ontario Educational Communications Authority (OECA) independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Board of Directors.

The OECA's Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Board meets periodically with management, Internal Audit, and the Office of the Auditor General of Ontario to discuss audit, internal control, accounting policy, and financial reporting matters. The financial statements are reviewed with management, Internal Audit and the Office of the Auditor General of Ontario before approval by the Board of Directors.

The Office of the Auditor General of Ontario conducts an annual audit in accordance with section 11 of the Ontario Educational Communications Authority Act. The auditors' report outlines the scope of the auditor's examination and opinion.

Lisa de Wilde
Chief Executive Officer

Financial Performance
Auditor's Report

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Auditor's Report

To The Ontario Educational Communications Authority
and the Minister of Education

I have audited the statement of financial position of The Ontario Educational Communications Authority as at March 31, 2007 as well as the statement of operations and equity, the statement of changes in equity and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

Toronto, Ontario
June 6, 2007

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Financial Performance

Statement of Financial Position

as at March 31, 2007

($000s)	2007	2006
Assets:		
Current Assets:		
Cash and short-term investments (note 3)	25,530	16,474
Accounts receivable (note 4)	3,365	3,120
Prepaid expenses	514	871
Inventories	152	415
	29,561	**20,880**
Broadcast rights and production costs (note 8)	**26,250**	26,743
Accrued pension asset (note 5)	**1,462**	2,233
Investments held for Capital Renewal (note 6)	**4,575**	3,525
Net Capital Assets (note 7)	**17,414**	16,264
Total Assets	**79,262**	**69,645**
Liabilities and Equity:		
Current Liabilities:		
Accounts payable and accrued liabilities	16,812	8,135
Deferred revenue (note 9)	8,767	12,600
Lease obligations (note 10)	62	23
	25,641	**20,758**
Non-Current Liabilities:		
Lease obligations (note 10)	85	29
Employee future benefits (note 5)	5,833	4,455
Deferred capital contributions (note 11)	13,092	14,441
	19,010	**18,925**
Equity:		
Invested in broadcast rights and production costs	25,146	25,578
Invested in capital assets	8,750	5,296
Restricted – Accrued pension asset	1,462	2,233
Unrestricted	(747)	(3,145)
	34,611	**29,962**
Total Liabilities and Equity	**79,262**	**69,645**

Commitments and Contingencies (notes 15 and 18)
See accompanying Notes to Financial Statements.

On behalf of the Board:

Chair

Director

Financial Performance

Statement of Operations and Equity

for the year ended March 31, 2007

($000s)	2007	2006
Revenues:		
Government operating grants (note 12)	58,438	50,296
Other earned revenue (note 14)	15,524	15,600
Government and corporate project funding (note 13)	8,380	8,002
Amortization of deferred capital contributions (note 11)	2,399	2,760
	84,741	**76,658**
Expenses:		
TVO programming services	23,249	22,828
TFO programming services	16,659	16,239
Technical and production support services	14,444	15,363
Independent Learning Centre	9,309	8,830
Management and general expenses	6,348	5,105
Cost of other earned revenue (note 14)	3,689	4,820
Amortization of capital assets	3,831	4,150
Employee future benefits (note 5)	2,563	2,409
	80,092	**79,744**
Excess/(Deficiency) of revenues over expenses	**4,649**	**(3,086)**
Equity, beginning of year	**29,962**	**33,048**
Equity, end of year	**34,611**	**29,962**

See accompanying Notes to Financial Statements.

Financial Performance

Statement of Changes in Equity

for the year ended March 31, 2007

($000s)	2007					2006
	Invested in Broadcast Rights and Production Costs	Invested in Capital Assets	Restricted Accrued Pension Asset	Unrestricted	Total	Total
Balance, beginning of year	25,578	5,296	2,233	(3,145)	**29,962**	**33,048**
Excess/(deficiency) of revenues over expenses	(15,413)	(1,311)	(1,141)	22,514	**4,649**	**(3,086)**
Contribution to the pension plans	–	–	370	(370)	–	–
Invested in Capital assets	–	4,765	–	(4,765)	–	–
Invested in broadcast rights and production costs	14,981	–	–	(14,981)	–	–
Balance, end of year	**25,146**	**8,750**	**1,462**	**(747)**	**34,611**	**29,962**

See accompanying Notes to Financial Statements.

Financial Performance

Statement of Cash Flows

for the year ended March 31, 2007

($000s)	2007	2006
Operating Activities:		
Excess/(deficiency) of revenues over expenses:	4,649	(3,086)
Add/(deduct) non-cash items:		
Amortization of capital assets	3,831	4,150
Amortization of deferred capital contributions	(2,399)	(2,469)
Amortization of broadcast rights and production costs	15,474	15,727
Pension expense	771	518
Post retirement benefits	1,378	1,035
Gain on disposal of capital assets	(121)	(59)
Net changes in non-cash working capital:		
Accounts receivable	(245)	(480)
Inventories	263	61
Prepaid expenses	357	203
Deferred revenue	8,677	3,172
Accounts payable and accrued liabilities	(3,833)	603
Cash provided by operating activities	**28,802**	**19,375**
Investing and Financing Activities:		
Broadcast rights additions	(14,981)	(15,015)
Capital asset additions	(5,026)	(1,060)
Current year's deferred capital contributions	-	464
Proceeds from disposal of capital assets	166	94
Lease obligations	95	(21)
Cash used in investing and financing activities	**(19,746)**	**(15,538)**
Net increase in cash position during the year	9,056	3,837
Cash and short-term investments, beginning of year	16,474	12,637
Cash and short-term investments, end of year	**25,530**	**16,474**

See accompanying Notes to Financial Statements

Financial Performance
Notes to Financial Statements
March 31, 2007

1. Authority and mandate
The Ontario Educational Communications Authority (the Authority) is a provincial Crown Corporation that was created in June 1970 by the Ontario Educational Communications Authority Act. In accordance with the Act, the Authority's main objective is to initiate, acquire, produce, distribute, exhibit or otherwise deal in programs and materials in the educational broadcasting and communications fields.

The Authority is a registered charitable organization which may issue income tax receipts for contributions. As a Crown Corporation of the Province of Ontario, the Authority is exempt from income taxes.

2. Summary of significant accounting policies
(a) Basis of accounting
The financial statements of the Authority have been prepared by management in accordance with Canadian generally accepted accounting principles.

(b) Inventories
Program support materials are valued at the lower of cost or net realizable value where cost is determined on a weighted average basis. Stores and supplies are valued at cost, where cost is determined on a first in, first out basis and is net of an allowance for obsolescence. Video and audio tapes are valued at the lower of cost or net realizable value, where cost is determined on a first in, first out basis.

(c) Capital Assets
Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight line basis over the following terms beginning the year following acquisition:

Building	30 years
Transmitters	17 years
Transmitter Monitoring Equipment	7 years
In House Technical Equipment	7 years
Leasehold Improvements	5 years
Computer Equipment	5 years
Office Furniture & Fixtures	15 years
Office Equipment	10 years
Vehicles	5 years

(d) Revenue recognition
1. Membership contributions are recorded on a cash basis. Contributions from corporate sponsors are recognized when the contract is signed, except multi-year contributions that are recognized when the cash is received.

2. Grants and revenues received in the year for special purposes are deferred until the related expenses have been incurred.

3. Revenue from grants and contributions restricted for the purchase of capital assets is deferred and amortized over the same period as the related capital asset.

4. Student fees for courses and General Education Development testing are recognized as revenues at the time of registration.

(e) Employee Future Benefits
The Authority accrues its obligations under employee defined benefit plans and the related costs, net of plan assets. The following policies have been adopted:

1. The cost of pension benefits and other post retirement benefits is actuarially determined by independent actuaries using the projected benefit method and management's best estimate assumptions.

2. Past service costs and any transitional asset or obligation are amortized over the expected average remaining service period of active plan members.

3. Actuarial gains (losses) are recognized to the extent that they exceed 10% of the greater of the accrued benefit obligation and the market value of plan assets. Amounts recognized are amortized over the average remaining service period of active plan members.

4. Pension fund assets are valued at market value.

(f) Broadcast Rights and Production Costs
Broadcast rights and production costs are accounted for as follows:

Current events and network promotion programs produced by the Authority are expensed in the year the costs are incurred.

All other programs produced by the Authority and programs licensed under co-production, pre-buy and acquisition contracts are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over four years.

(g) Use of Estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and short-term investments
The Authority's investment policy restricts short-term investments to securities issued by or guaranteed as to principal and interest by any province of Canada, Canada, the United Kingdom, and the United States of America or deposit receipts, deposit notes, certificates of deposit, acceptances and other similar instruments issued or endorsed by any chartered bank to which the Bank Act (Canada) applies.

Cash and short-term investments of $25,530,000 (2006 – $16,474,000) included $25,575,000 (2006 – $16,420,000) of investments maturing within 90 days, yielding 4.2% (2006 – 2.9%) on average during the year, with a market value that approximates carrying value.

4. Accounts receivable

($000s)	**2007**	2006
Project funding	1,573	1,356
Trade	1,444	1,038
Other	348	726
	3,365	**3,120**

5. Employee future benefits

The pension and other post-employment benefit plans have the following components:

Registered pension plans:

Main Pension Plan: Most employees of the Authority are members of this plan, which consists of three elements – a non-contributory, defined benefits, best average earnings and years of service element; a contributory, defined contribution element; and a non-contributory, defined contribution element.

Executive Pension Plan: Certain executives are members of this non-contributory, defined benefits, best average earnings and years of service plan.

Supplementary retirement plan: This unregistered, non-contributory, defined benefits plan funds the portion of pension entitlements in excess of the maximum allowed for registered pension plans under the federal Income Tax Act.

The pensions payable under the defined benefit plans are adjusted for inflation based on the consumer price index up to a maximum of 3% per year.

Post-employment benefits plan: The Authority offers post-employment benefits such as health care, dental care, and life insurance on a shared cost basis.

The most recent actuarial valuation of the defined benefit pension plans and the post-employment benefits plan was as of January 1, 2007, and the next valuation is due as of January 1, 2010.

The Authority offered eligible members the opportunity to participate in an early retirement window during the 2006 calendar year.

Information about the Authority's pension and other benefit plans is as follows:

($000s)	**2007**	2006	**2007**	2006	**2007**	2006
		Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan
Plan surplus/(deficit) as of January 1:						
Market value of plan assets	97,527	90,472	–	–	–	–
Accrued benefit obligation	(92,340)	(91,437)	(76)	(39)	(10,968)	(9,970)
	5,187	(965)	(76)	(39)	(10,968)	(9,970)
Balance of unamortized amounts as of January 1:						
Net transition (asset)/obligation	(6,967)	(7,855)	–	–	1,854	2,085
Past service cost	877	988	7	11	–	–
Actuarial (gains)/losses	2,375	9,783	(4)	(1)	3,256	3,407
	(3,715)	2,916	3	10	5,110	5,492
Contributions – January 1 to March 31	103	403	–	–	25	23
Use of surplus – January 1 to March 31	(113)	(121)	–	–	–	–
Accrued benefit asset/(liability)	**1,462**	**2,233**	**(73)**	**(29)**	**(5,833)**	**(4,455)**

($000s)	2007	2006	2007	2006	2007	2006
	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
Disclosed in the Statement of Financial Position as:						
Accrued pension asset	1,462	2,233				
Accounts payable and accrued liabilities			(73)	(29)		
Employee future benefits					(5,833)	(4,455)
Expenses for the year:						
Defined benefit plan	656	711	44	176	1,378	1,035
Defined contribution plan	485	487	–	–	–	–
	1,141	**1,198**	**44**	**176**	**1,378**	**1,035**
Contributions to the pension and benefit plans	**370**	**680**	**–**	**–**	**97**	**91**
Pension benefits paid	**3,180**	**2,983**	**–**	**–**	**–**	**–**
Termination benefits paid	**1,934**	**1,521**	**159**	**183**	**–**	**–**

The significant assumptions adopted in measuring the accrued benefit obligations and pension expenses are as follows:

	2007	2006	2007	2006	2007	2006
	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
Discount rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Investment return	6.50%	7.50%	N/A	N/A	N/A	N/A
Pension indexation	2.50%	2.50%	2.50%	2.50%	–	–
Salary rate increase	3.50%	4.00%	3.50%	4.00%	N/A	N/A
Health cost rate increase	N/A	N/A	N/A	N/A	9.00%	10.00%
Dental cost rate increase	N/A	N/A	N/A	N/A	4.50%	4.50%
Average remaining service lifetime	9-12	9-12	5	5	16	16

Defined benefit plan assets as at January 1 measurement date consist of:

Asset category	2007	2006
	Percentage of Plan Assets	
Equity securities	62%	63%
Debt securities	38%	37%

6. Investments held for capital renewal

Since 1984 a portion of the funding received each year has been set aside to ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced when needed. Available funds were invested in short-term deposits that earned an average interest rate of 4.2% (2006 – 2.9%) during the fiscal year. The changes in the fund were as follows:

($000s)	2007	2006
Balance, beginning of year	3,525	3,293
Allocation of grants – Ministry of Education (note 12)	901	901
Interest earned	149	86
Drawing for capital acquisitions	–	(755)
	4,575	**3,525**

7. Net capital assets

Capital assets consist of the following:

($000s)			2007	2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	186	–	186	215
Buildings	4,812	3,520	1,292	1,452
Transmitters	27,995	24,957	3,038	3,668
Transmitter monitoring equipment	1,109	1,000	109	150
In house technical equipment	26,834	22,562	4,272	5,184
Leasehold improvements	10,738	6,486	4,252	2,319
Computer equipment	7,191	5,202	1,989	2,216
Office furniture and fixtures	3,999	2,052	1,947	880
Office equipment	1,192	1,070	122	108
Vehicles	621	425	196	72
Construction in progress	11	–	11	–
	84,688	**67,274**	**17,414**	**16,264**

8. Broadcast rights and production costs

Broadcast rights and production costs consist of the following:

($000s)			2007	2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Broadcast rights and completed productions	45,297	22,980	22,317	23,421
Work in progress	3,933	–	3,933	3,322
	49,230	**22,980**	**26,250**	**26,743**

Amortization expense for the year was $15,474,000 (2006 – $15,727,000) and is included in TVO and TFO programming services expense.

9. Deferred revenue

($000s)	2007	2006
Government grants (note 12)	6,085	6,796
Government (provincial & federal) project funding (note 13)	–	4,570
Corporate project funding (note 13)	645	1,004
Other	2,037	230
	8,767	**12,600**

Expenditures related to the above deferrals have been budgeted for 2008 fiscal year.

10. Lease obligations

Lease obligations represent the balance of the commitments made under capital leases. The changes in the lease obligations balance are as follows:

($000s)	2007	2006
Lease obligations, beginning of year	52	73
Add: Capital leases additions	142	–
Less: Payments made on existing capital leases	(47)	(21)
Lease obligations, end of year	**147**	**52**
Current lease obligations	62	23
Non-current lease obligations	85	29
	147	**52**

11. Deferred capital contributions

Deferred capital contributions represent contributions received for the purchase of capital assets and are recorded as revenue in the Statement of Operations and Equity when the related capital assets are amortized. The changes in the deferred contributions balance are as follows:

($000s)	2007	2006
Deferred capital contributions, beginning of year	14,441	16,214
Add: Allocation of grants – Ministry of Education (note 12)	901	901
Interest earned	149	86
	15,491	**17,201**
Less: Drawing for capital acquisitions	–	(291)
Amortization of capital contributions	(2,399)	(2,469)
Deferred capital contributions, end of year	**13,092**	**14,441**

12. Government operating grants

($000s)	2007	2006
Provincial Ministry of Education:		
– 2007 Base grant	45,040	45,040
– 2008 Prepayment	7,507	5,338
Less: Amount allocated for capital renewal (note 6)	(901)	(901)
Funding deferred to future year (note 9)	(5,005)	(5,338)
2008 funding attributed to OFECA (note 21)	(2,502)	–
	44,139	**44,139**
Ministry of Education:		
– Transition funding *	7,500	–
Funding deferred to future year (note 9)	(545)	–
	6,955	**–**
Ministry of Education:		
– Independent Learning Centre grant	6,421	6,421
Funding deferred from prior year	1,458	1,194
Funding deferred to future year (note 9)	(535)	(1,458)
	7,344	**6,157**
Total government operating grants	**58,438**	**50,296**

* The government provided the Authority with $7.5 million of transition funds in 2007 and committed to an additional $7.5 million in 2008 to assist the Authority in implementing a new strategic plan.

13. Government and corporate project funding

($000s)	2007	2006
Provincial project funding		
Ministry of Education:		
– Early Reading and Early Math	–	600
– Other project funding	1,074	883
Other provincial project funding	116	195
Funding deferred from prior year (note 9)	4,561	6,864
Funding deferred to future year (note 9)	–	(4,561)
2008 funding attributed to OFECA (note 21)	(1,548)	–
	4,203	**3,981**
Federal project funding:		
Heritage Canada	2,550	2,763
Other	149	85
Funding deferred from prior year	9	–
Funding deferred to future year	–	(9)
	2,708	**2,839**
Corporate project funding:		
Funding received during the year	1,383	1,032
Funding deferred from prior year (note 9)	1,004	1,154
Funding deferred to future year (note 9)	(645)	(1,004)
2008 funding attributed to OFECA (note 21)	(273)	–
	1,469	**1,182**
Total government and corporate project funding	**8,380**	**8,002**

14. Other earned revenue and cost

($000s)	2007			2006		
	Revenue	Cost	Net Revenue	Revenue	Cost	Net Revenue
TVO Revenues:						
Sales and Licensing	992	1,012	(20)	1,106	1,298	(192)
Membership and corporate donations	5,394	2,643	2,751	7,324	3,480	3,844
Total TVO Revenues	6,386	3,655	2,731	8,430	4,778	3,652
TFO subscriber revenues	2,949	34	2,915	2,275	42	2,233
ILC revenues	2,387	–	2,387	2,423	–	2,423
Others	3,802	–	3,802	2,472	–	2,472
	15,524	**3,689**	**11,835**	**15,600**	**4,820**	**10,780**

15. Commitments

The Authority has entered into capital and operating leases covering transmission facilities, offices, warehouses and equipment. Future lease payments are as follows:

Year ending March 31	($000s)
2008	2,357
2009	2,273
2010	2,018
2011	1,749
2012	1,549
2013 and beyond	26,132
Total future lease payments	**36,078**

The lease of head office space has been renewed to August 31, 2027.

16. Contributed materials and services

The Authority uses the services of volunteers to assist primarily in the membership area. The Authority also receives contributions of materials for use mainly in fundraising activities. Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

17. The Independent Learning Centre

Under the terms of an agreement with the Ministry of Education and the Ministry of Training, Colleges and Universities, the Independent Learning Centre (ILC) was transferred to the Authority in 2002.

The ILC provides a wide range of distance education courses, in English and in French that allow adults to earn secondary school diploma credits, upgrade their basic skills, or study for personal development. It also supports children who may not be able to access elementary day school programs. The General Education Development (GED) testing is also available through the ILC.

Funding for these activities includes a grant from the Ministry of Education and ILC earned revenues. The portion of the grant that has been identified for specific projects (course development) is deferred until the related expenses have been incurred.

($000s)	2007	2006
Activities were funded by:		
Ministry of Education ILC grant (note 12)	6,421	6,421
Funding deferred from prior year	1,458	1,194
Funding deferred to future year	(535)	(1,458)
ILC grant recognized	7,344	6,157
ILC earned revenues (note 14)	2,387	2,423
Total ILC grant and earned revenues	**9,731**	**8,580**

Expenditures related to the above deferrals have been budgeted for the 2008 fiscal year.

18. Contingencies

Contingencies refer to possible legal claims that have been made by or against the Authority, the ultimate outcome of which cannot be predicted with certainty. Management does not expect that the outcome of the claims against the Authority will have a material and adverse effect on its results and does not believe any provisions for losses are necessary at this time. No amounts have been recognized in the accounts for claims made by the Authority. Any settlements will be accounted for at the time of settlement.

19. Financial instruments

The Authority's financial instruments consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and lease obligations. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximated their carrying values.

20. The TVOntario Foundation

The TVOntario Foundation was constituted as a public foundation under the Canada Corporations Act effective April 1, 1998. The Board of Directors of the Foundation is appointed by the Board of Directors of the Authority, with the members of the Foundation being comprised exclusively of members of the Board of Directors of the Authority. The Foundation is a registered charity under the Income Tax Act, whose objectives are to receive and maintain a fund or funds and to pay all or part of the principal and income to the Authority provided that the Authority maintains its status as a registered charity and continues to have as its objective the promotion of educational and/or children's programming.

The Board of Directors of the Foundation approved a resolution in December 2006 to dissolve or cease its operations after all the assets of the Foundation are transferred into the ownership of the Authority. The total assets transferred in 2007 comprised of cash and short term investment of $3,585,000.

In accordance with Canadian generally accepted accounting principles, the accounts of the Foundation are not consolidated in the financial statements of the Authority.

The financial position and results of operations for the year ended March 31, 2007 were as follows:

Financial Position as at March 31st	Unrestricted Fund	Matching Gift Fund	**2007 Total**	2006 Total
Assets: Cash and short term investments	–	–	–	3,487
Liabilities and Equity:				
Accrued liabilities	–	–	–	–
Equity	–	–	–	3,487
Total liabilities and equity	**–**	**–**	**–**	**3,487**

Results of operations for the year ended March 31st

	Restricted Funds				
($000s)	Unrestricted Fund	Matching Gift Fund	Other Restricted	**2007 Total**	2006 Total
Revenues:					
Donations	13	–	–	13	165
Interest income	85	–	–	85	79
	98	–	–	98	244
Contribution to the Authority	979	2,606	–	3,585	193
Excess of revenues over contribution to Authority	**(881)**	**(2,606)**	**–**	**(3,487)**	**51**
Equity, beginning of year	**881**	**2,606**	**–**	**3,487**	**3,436**
Equity, end of year	**–**	**–**	**–**	**–**	**3,487**

The Board of Directors of the Authority has approved the funding of the Foundation's operating expenditures through the Authority until March 31, 2007. The Foundation's net expenditures absorbed by the Authority were $23,000 during the year ended March 31, 2007 (2006 – $145,000).

21. Subsequent events

Establishment of OFECA:

The government established the Ontario French-language Educational Communications Authority (OFECA) effective April 1, 2007 through an Order in Council. The OFECA has its own board of directors comprised initially of the francophone members of the board of directors of the Authority and will assume responsibility for the operations of the French-language division of the Authority.

As a result of the transfer of its French-language operations to OFECA, the Ministry of Education has informed the Authority that its base grant will be reduced by $15 million to $30 million. In addition, the Authority will no longer receive $2.6 million in grants from the federal government and $3.3 million in other TFO revenues.

OFECA is required to offer employment to all employees who currently report directly to TFO and will assume responsibility for the accrued vacation, pension entitlements and other entitlements of those who accept. Including savings in wages, salaries, and benefits, the Authority expects the transfer of the TFO division to OFECA to reduce its annual expenses by approximately $16.5 million initially with further savings to be achieved through restructuring its operations.

The process related to sharing of assets between the Authority and OFECA is currently being developed. The full impact of the transfer will be reflected in the 2008 financial statements. Accounts payable and accrued liabilities included $6.1 million that are to be transferred to or used on behalf of OFECA in 2008.

Additional OECA Funding for Digital Conversion:

The Authority expects to receive $10.4 million from the government over the next three years, 2008 – $7.3 million, 2009 – $1.5 million, 2010 – $1.6 million, to help the Authority cover the cost of converting its production from analogue to digital format.